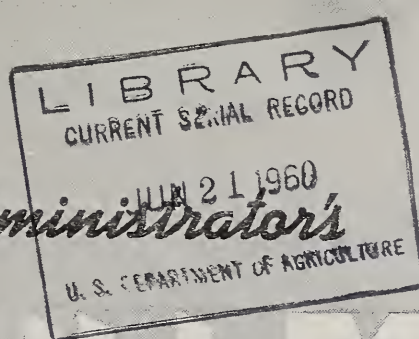


Historic, Archive Document

Do not assume content reflects current scientific knowledge, policies, or practices.

A280.38
M34C
THE
Reserve



Market Administrator's

BULLETIN

Fred W. Lander
MARKET ADMINISTRATOR

Published at 79 East State Street, Columbus 15, Ohio

ISSUED FOR PRODUCERS WHO ARE NOT MEMBERS OF COOPERATIVE ASSOCIATIONS

MAY 1960

Vol. 16 No. 5

The Problem of Coordinating Milk Prices Between Markets

Excerpts from a talk by H. L. Forest, Director, Dairy Division at "Farm and Home Week", Cornell University, Ithaca, N. Y. March 24, 1960.

The most obvious and most important reason why coordination of prices is necessary under Federal milk orders is the fact that milk orders are all issued under a single set of pricing standards. The Agricultural Marketing Agreement Act which authorizes the issuance of Federal milk orders specifies a single set of pricing standards. We do not have 79 different standards for the 79 different orders now operating. All prices established under all orders must, by the standards set by Congress, reflect supply and demand conditions existing in these markets.

There is another requirement of the Agricultural Marketing Agreement Act which makes it necessary to coordinate prices among markets. Prices established under a Federal milk order are required to be uniform to all handlers. With milk distribution routes extending as they do today from one market to another, uniformity of prices in these areas where market sales areas overlap can only be achieved by coordinating prices in the two markets.

If we are to develop a stable dairy industry, the price structure for milk markets must reflect the degree to which milk supplies are interchangeable among markets. The possibility of substituting one supply of milk for another is the basic force which draws milk prices together and makes the different levels of price move up or down at the same time. The possibilities for substitution are often more important than actual movements of milk in drawing prices together.

There are, in general, two grades of milk marketed by farmers in this country, milk of manufacturing grade and milk eligible for fluid use. Milk of manufacturing grade represents a supply of milk which is not im-

mediately available for fluid use, but with sufficient price incentive, it can be shifted from manufacturing grade to fluid quality. The nation-wide average price paid farmers for milk eligible for fluid use during recent years has exceeded the average price paid for manufacturing milk by about \$1.50. In some regions the price difference is much greater than the average and in some regions the difference is less. In some areas of Wisconsin for example, Grade A milk prices are less than 20 cents over manufacturing milk prices.

The necessary price incentive which will divert milk from manufacturing grade to Grade A quality is influenced by the extra costs which must be incurred by farmers to produce milk of bottling quality. The incentive needed to shift bottling quality milk from one market to another depends largely on transportation cost.

These two factors, the cost of producing Grade A milk versus the cost of producing manufacturing milk and the cost of transporting milk and its products, are most influential in setting the price pattern for milk and dairy products. However, there are other factors which have considerable effect on price relationships.

Within the past decade, remarkable progress has been made in improving transportation facilities and methods of handling milk. These improvements permit milk to be moved over long distances. Bulk milk shipments of more than 1,500 miles are made regularly from points in Iowa and Wisconsin to Southwest and Southeast markets when milk supplies are short in those areas.

(continued on the back page)



Columbus

MARKET FACTS FOR EASY REFERENCE

PRICE SUMMARY

Producers' Uniform Price (3.5%)	\$3.63	\$4.24	\$3.81
Producers' Uniform Price (4%)	3.985	4.61	4.175
Class I (3.5%)	4.195	4.417	4.314
Class II (3.5%)	3.795	4.019	3.914
Class III (3.5%)	3.532	3.697	3.489
Class IV (3.5%)	2.904	2.981	2.869
Producer Butterfat Differential for each 1/10%071	.074	.073

UTILIZATION SUMMARY

Percent of Producer Milk in Class I	78.1	82.5	83.8
" " " B.F. " " I	73.2	75.4	80.9
" " " Milk " " II	8.0	8.6	8.4
" " " B.F. " " II	2.5	2.6	2.6
" " " Milk " " III	3.2	2.2	2.6
" " " B.F. " " III	4.8	3.1	4.6
" " " Milk " " IV	10.7	6.7	5.2
" " " B.F. " " IV	19.5	18.9	11.9

PRODUCTION SUMMARY

Total Pounds of Producer Milk Delivered	28,853,090	28,724,747	27,016,706
Average Daily Class I Producer Milk	723,734	763,433	754,655
Total Number of Producers	1,690	1,704	1,772
Average Daily Production per Producer	569	544	508
Average Butterfat Test	3.83	3.98	3.75
Total Value of Producer Milk at Test	\$1,217,958.20	\$1,317,732.31	\$1,174,623.71
Income per Producer (7 Day Average)	\$168.16	\$174.62	\$154.67

GROSS CLASS USE (Pounds)

Class I Skim	21,712,006	22,805,241	21,860,903
" I B.F.	808,832	861,184	820,214
" I Milk	22,520,838	23,666,425	22,681,117
" II Skim	2,386,721	2,574,399	2,332,110
" II B.F.	27,320	29,922	26,605
" II Milk	2,414,041	2,604,321	2,358,715

AVERAGE DAILY SALES (Quarts)

Milk	297,834	305,470	304,196
Buttermilk	5,164	5,069	6,062
Chocolate	16,222	18,101	17,020
Skim	12,273	12,659	13,023
Cream	8,654	8,746	8,567

April 1960	March 1960	April 1959
\$3.63	\$4.24	\$3.81
3.985	4.61	4.175
4.195	4.417	4.314
3.795	4.019	3.914
3.532	3.697	3.489
2.904	2.981	2.869
.071	.074	.073
78.1	82.5	83.8
73.2	75.4	80.9
8.0	8.6	8.4
2.5	2.6	2.6
3.2	2.2	2.6
4.8	3.1	4.6
10.7	6.7	5.2
19.5	18.9	11.9
28,853,090	28,724,747	27,016,706
723,734	763,433	754,655
1,690	1,704	1,772
569	544	508
3.83	3.98	3.75
\$1,217,958.20	\$1,317,732.31	\$1,174,623.71
\$168.16	\$174.62	\$154.67
21,712,006	22,805,241	21,860,903
808,832	861,184	820,214
22,520,838	23,666,425	22,681,117
2,386,721	2,574,399	2,332,110
27,320	29,922	26,605
2,414,041	2,604,321	2,358,715
297,834	305,470	304,196
5,164	5,069	6,062
16,222	18,101	17,020
12,273	12,659	13,023
8,654	8,746	8,567

COMPARATIVE STATISTICS



COLUMBUS MARKETING AREA



APRIL, 1951-60

Year	Receipts from Producers	Average Butter-fat Test	Percentage of Producer Milk in Each Class				Uniform Producer Price (3.5%)	Class prices at 3.5%				Number of Producers	Daily Average Production
			Class I	Class II	Class III	Class IV		Class I	Class II	Class III	Class IV		
1951.....	18,804,322	4.01	72.2	24.6	3.2	—	3.43	4.482	4.082	3.464	—	2,097	299
1952.....	19,163,332	3.97	74.7	21.9	3.4	—	4.50	4.979	4.597	3.769	—	2,101	304
1953.....	22,805,590	3.93	68.8	21.4	9.8	—	4.02	4.565	4.165	3.489	—	2,229	341
1954.....	24,780,492	3.86	67.3	7.4	11.8	13.5	3.41	4.046	3.646	3.286	3.110	2,195	376
1955.....	25,320,226	3.77	69.0	8.3	12.7	10.0	3.60	4.219	3.819	3.319	3.143	2,091	404
1956.....	25,778,372	3.81	71.8	8.6	11.0	8.6	3.65	4.258	3.858	3.360	3.183	2,056	418
1957.....	24,307,929	3.77	80.8	10.9	5.6	2.7	4.07	4.57	4.17	3.49	3.07	1,899	427
1958.....	25,127,358	3.73	78.0	9.2	8.9	3.9	3.81	4.350	3.950	3.350	2.927	1,821	460
1959.....	27,016,706	3.75	83.8	8.4	2.6	5.2	3.81	4.314	3.914	3.489	2.869	1,772	508
1960.....	28,853,090	3.83	78.1	8.0	3.2	10.7	3.63	4.195	3.795	3.532	2.904	1,690	569

Recommendations Relative To Antibiotics In Milk

Prepared cooperatively by the Ohio State University Agricultural Extension Service and the Departments of Veterinary Preventative Medicine, Dairy Technology and Dairy Science; The Ohio Dept. of Agriculture, Divisions of Animal Industry and Food and Dairies, and the Ohio Department of Health, Division of Sanitary Engineering.

Antibiotics as "cure all" can never substitute satisfactorily for good management. The only ultimate answer to the elimination of antibiotics from milk will be better farm management which will produce less mastitis, and thus require less antibiotic therapy. Recommendations on withholding times for milk from cows treated with antibiotics are necessary in order to comply with the Standard Milk Ordinance and Code and the Federal Food and Drug Regulations.

Many commercial preparations are on the open market for the control and treatment of mastitis. Each preparation has a distinctly different formulation even though a common antibiotic may be used. This leads to great variation in the length of time that the antibiotic may be detected in milk after treatment. This problem will not be solved until specific information has been afforded by the commercial companies for each product or until standard formulations are used which have similar times of persistency in the milk supply following treatment.

Based upon limited field trials, it would appear that when penicillin in a water base has been infused into the udder, no antibiotic residue can be detected after 72 hours. However, when an oil base was used, the penicillin was detectable for as long as eight days. Thus, these observations indicate that the general recommendation of withholding milk for 72 hours,

which has been in common usage and appears on the labels of most commercial products, is not adequate for all preparations.

Recent trials have demonstrated detectable amounts of penicillin in uninfused quarters when the antibiotic has been infused in one or more quarters.

When intramuscular injections of antibiotics are used for treatment of mastitis or for any other disease in the lactating cow, the antibiotic will be found in the milk. Consequently, it is necessary to withhold this milk from the milk supply—the length of withholding time varying with each product and dosage used. The veterinarian administering such treatment can advise if more than five days withholding time should be observed.

If antibiotics are fed in sufficient amounts to produce detectable levels in the blood and to have any therapeutic effect, the antibiotic will be present in the milk. Therefore, the use of any antibiotics in feeding programs for milking cows should be discouraged. Extreme caution must be used if these are fed, because certain antibiotics fed at dosages in excess of 0.1 mg. per pound of body weight give detectable levels in the milk.

The following recommendations, based on available informative sources, are suggested for general use. However, prevailing circumstances in a particular situa-

tion and the characteristics of the particular preparation used may necessitate modifications.

I. Udder Infusions

a. Penicillin—strictly aqueous base —withhold milk from all quarters at least 72 hours.

Penicillin—strictly oil base — withhold milk from all quarters at least 8 days.

Penicillin—combined aqueous and oil base—withhold milk 8 days or according to label instructions.

b. Terramycin or Aureomycin — aqueous or oil — withhold milk from all quarters for at least 6 days.

c. Other antibiotics or drugs—milk must be withheld in accordance with instructions.

II. Untreated quarters.

Antibiotics can appear in untreated quarters of an udder after on or more quarters are treated. Therefore, when one quarter is treated, the milk from all quarters must be withheld.

III. Intramuscular or intravenous injections.

Milk should be withheld a minimum of 5 days or longer depending upon circumstances.

IV. Feed Supplements.

Antibiotic - containing feeds are not recommended for dairy cows.

*Drink More Milk...
The Perfect Food*

Room 505
79 East State Street
COLUMBUS, OHIO

THE
Market Administrators
BULLETIN

**BE STRONGER
LIVE LONGER
DRINK MILK**



SEC. 3466 P.L.A.R.

Library, Current Serial Record,
U. S. Department of Agriculture
Washington 25 D. C.
6

Coordinating Milk Prices . . .

(continued from page one)

Paper packaged milk is also moving greater distances to market today. Paper packages require less transportation space and since there is no return load, as in the case of the glass bottle, the use of the paper package has made longer hauls feasible from a cost standpoint.

The technological problem of maintaining good quality milk even on long hauls has been met and satisfactory deliveries have been made. The cost of moving milk over long distances is still a deterrent to regular and continuous deliveries, but further reductions in these costs also may be expected.

With the flexibility of milk supplies today and the prospect that milk will be even more mobile in the future, we are now faced with a more pressing problem of price alignment. How closely must inter-market and inter-regional milk prices be related in the future? By what means should the alignment be maintained? The industry has become more closely associated. Federal milk orders must recognize this fact.

The need for price alignment has become more acute with the greater mobility of milk supplies. Ample milk supplies in most milk production areas have also tended to increase the pressures for closer price alignment. Dairy men here in the Northeast will need to watch closely the

Market Quotations

April
1960

12 MIDWEST CONDENSERIES 3.5% per Cwt.	\$3.032
5 CONDENSERIES (Cincinnati) 3.5% per Cwt.	2.8700
5 CONDENSERIES (North Central Ohio) 3.5% per Cwt.	2.878
2 CONDENSERIES (Toledo) 3.5% per Cwt.	2.831
4 CONDENSERIES (Tri-State) 3.5% per Cwt.	2.864
Evaporated Milk Code Price, 3.5% per Cwt.	2.766
Skim Milk Powder-Butter Price, 3.5% per Cwt. (Cincinnati)	3.0437
Skim Milk Powder-Butter Price, 3.5% per Cwt. (Columbus)	3.204
Skim Milk Powder-Butter Price, 3.5% per Cwt. (Dayton)	3.048
Skim Milk Powder-Butter Price, 3.5% per Cwt. (Toledo-Tri-State)	2.922
Average Weekly Cheddars price per lb.	.3235
Average price per lb. non-fat dry milk solids, roller process delivered Chicago	.13750
Average price per lb. 92-score butter at Chicago	.57974
Average carlot prices non-fat dry milk solids, roller and spray process, f.o.b. manufacturing plant	.12975

level of their prices relative to prices in other areas if they are to retain markets in this region.

The use of some formula mechanism which relates Class I prices in this region to prices in other regions should direct attention to the importance of these price relationships. It should also be helpful in accomplishing any necessary corrections in such relationships soon enough to prevent loss of markets.

The details of a formula system which will accomplish this end is important. The determination of the appropriate pattern of price alignment is important. But first and most important of all is the general recognition by all members of the dairy industry that price alignment is the only possible insurance under Federal milk orders against loss of your milk market to dairy men in other areas.

Fluid Milk Consumption Per Capita Down

Consumption of most fluid cream products has trended downward for a number of years. As a result, although the per capita consumption of fluid whole milk has been reasonable stable, the per capita consumption of fluid milk and cream combined, on a milk equivalent basis, dropped off slightly from 1956 to 1959. The per capita rate was 343 pounds in 1958 and 341 pounds in 1959. The total quantity of fluid milk and cream consumed by civilians and military personnel reached 60.9 billion pounds. Of this quantity 6.8 billion pounds was consumed on farms where milk is produced. Thus the quantity consumed off milk-producing farms rose to 54.1 billion pounds, the highest actual level ever attained, and a new high as a proportion of total milk sold off farms, 48.1 percent.